GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:529
ANSWERED ON:03.05.2000
STATE FARM CORPORATION OF INDIA
S.S. PALANIMANICKAM

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the State Farm Corporation of India has been making losses continuously;

(b) if so, the reasons and remedial steps taken/being taken for the revitalisation of the Corporation;

(c) whether M/S SBI Capital Markets Limited, Mumbai has been awarded consultancy for the purpose; and

(d) if so, when it was awarded and the time by which the report is likely to be submitted to the Government?

Answer

MINISTER OF AGRICULTURE
(SHRI SUNDAR LAL PATWA)
(a) to (d): A statement is laid on the Table of the Sabha.
STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO.529 TO BE ANSWERED ON TH 3RD MAY, 2000 IN THE LOK SABHA.
(a) &(b): State Farms Corporation of India has been making losses since 1996-97.
The main reasons for the losses are as under:

1. inadequate irrigation facilities in the Farms of SFCI and, therefore, vulnerability to vagaries of nature;

2. disproportionately large staff strength, and heavy wage bill;

3. obsolete equipment and machinery;

4. erosion of working capital and lack of financial liquidity;

The following remedial steps are being taken for revitalising the Corporation:

1. improved management practices and close monitoring of farm operations;

2. introduction of VRS/VSS to reduce staff strength;

3. disposal of non-viable farms;

4. prudent financial management and reduction of expenditure;

5. optimum utilization of available resources; 6. augmentation of irrigation facilities to expand cultivable area;

7 replacement of obsolete machinery;

8. shift in production strategy to focus on high value seeds;

9. improved marketing strategy;

(c) & (d): The SBI Capital Market Ltd. was awarded consultancy on 9.12.99 which was accepted by the Consultants on 25.1.2000. The time-frame for submission of the report is two months. However, considering the volume of work involved, the Consultant is likely to require some additional time to complete the study.